

Message Text

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ACTION EB-08

INFO OCT-01 EUR-12 ISO-00 SOE-02 AID-05 CEA-01 CIAE-00
COME-00 DODE-00 DOE-11 H-01 INR-10 INT-05 L-03
NSAE-00 NSC-05 OMB-01 PM-05 USIA-06 OES-07 SP-02
SS-15 STR-07 TRSE-00 ACDA-12 NRC-05 /124 W
-----089062 131258Z /46

R 131226Z MAR 78
FM AMEMBASSY LONDON
TO SECSTATE WASHDC 4061
INFO AMEMBASSY BONN
AMEMBASSY BRUSSELS
AMEMBASSY COPENHAGEN
AMEMBASSY DUBLIN
AMEMBASSY LUXEMBOURG
AMEMBASSY OSLO
AMEMBASSY PARIS
AMEMBASSY ROME
AMEMBASSY THE HAGUE

C O N F I D E N T I A L SECTION 01 OF 02 LONDON 03989

USEEC ALSO FOR EMBASSY
USOECN ALSO FOR EMBASSY

E.O. 11652: N/A
TAGS: ENRG, TECH, UK
SUBJECT: ENERGY POLICY OF THE CONSERVATIVES

REF: (A) LONDON 2817 (NOTAL); (B) 77 LONDON 18385
(NOTAL)

1. BEGIN SUMMARY. THE TORIES ARE BEING NON-COMMITTAL
ABOUT THEIR ENERGY POLICIES, BUT THEY WOULD PROBABLY
CONTINUE MUCH OF THE CURRENT GOVERNMENT'S OPPOSITION TO
A COMMON EC ENERGY POLICY, SUPPORT A DEMONSTRATION
COMMERCIAL FAST REACTOR, AND CURB THE ROLE OF BNOC.
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THEY WOULD PROBABLY MAINTAIN OIL DEPLETION POLICIES
ALLOWING ONLY A SMALL EXPORTABLE SURPLUS IN THE L980S.
END SUMMARY.

2. REFTELS DESCRIBE TORY ATTITUDES TOWARD THE BRITISH
NATIONAL OIL CORPORATION (BNOC): CONSERVATIVES REMAIN
SHARPLY CRITICAL OF BNOC'S REGULATORY ROLE AND WOULD

CURTAIN ITS ACTIVITIES. HOWEVER, WITH MANY MONTHS PRESUMABLY STILL TO GO BEFORE THE NEXT ELECTION, THE TORIES ARE BEING CAUTIOUS AND FLEXIBLE IN THEIR PRONOUNCEMENTS ON ENERGY POLICY OVERALL. SPEECHES BY "SHADOW" ENERGY MINISTER TOM KING AS WELL AS TORY PARLIAMENTARY PRONOUNCEMENTS HAVE STEERED TO SAFE GENERALITIES: COAL PRODUCTIVITY SHOULD IMPROVE, ENERGY CONSERVATION AND EFFICIENCY ARE GOOD, SOFT ENERGY SHOULD NOT BE LEFT UNEXPLORED, CONVENTIONAL NUCLEAR POWER IS USEFUL, THE GAS SHOULDN'T BE WASTED. THEY SEEM TO WISH TO AVOID GIVING THE GOVERNMENT ANY SPECIFIC POLICIES TO SHOOT AT. MOREOVER, WITH THE IMPORTANT EXCEPTION OF THE QUESTION OF BNOC'S ROLE, THE CONSERVATIVES ALSO SEEM BROADLY TO AGREE WITH MANY OF THE ENERGY POLICIES OF THE CURRENT GOVERNMENT.

3. CONSERIAIVKLWYNRWTABLEY CHARE THE LABOR GOVERNMENT WITH BUREAUCRATIC BUNGLING AND INEFFICIENCY IN THE ORGANIZATION OF THE NORTH SEA OIL SEARCH AND PRODUCTION PROGRAM, BUT THEY STOP SHORT OF URGING ACCELERATED DEVELOPMENT OR FASTER DEPLETION POLICIES. A WELL-PLACED SOURCE IN THE CONSERVATIVE CENTRAL OFFICE WOULD EXPECT THE TORIES UPON ASSUMING OFFICE TO ENDORSE DEPLETION RATES WHICH WOULD ALLOW ONLY A SMALL NET EXPORTABLE OIL SURPLUS IN THE 1980S. EVEN THAT MARGIN MIGHT ONLY BE INTENDED TO ALLOW COMPANIES SOME FLEXIBILITY IN THE
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INTERESTS OF OVERALL OPERATING EFFICIENCY.

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4. THE TORIES WOULD NOT MAKE DRAMATIC CHANGES IN ENERGY POLICY TOWARD THE EC. THE TONE MIGHT BE LESS ABRUPT, BUT A CONSERVATIVE GOVERNMENT WOULD ALMOST CERTAINLY CONTINUE TO OPPOSE ANY EC ROLE IN UK DEPLETION POLICIES OR MARKET DIRECTION. (A MINOR EXCEPTION IS THAT CONSERVATIVES SAY THEY WOULD BE LESS RIGID IN REQUIRING UP TO TWO-THIRDS OF BRITISH OIL TO BE REFINED AT HOME.) THE TORIES WOULD BE AS UNLIKELY AS THE LABOR GOVERNMENT TO JOIN IN ANY EC EFFORT TO COORDINATE OIL REFINERY CAPACITY LIMITATIONS. LABOR ENERGY SECRETARY BENN HAS HAD STRONG TORY BACKING IN PARLIAMENT FOR HIS CURRENT REBUFFS TO THE EC COMMISSION ON THIS POINT, AND SOURCES CONFIDENTIAL

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IN THE CONSERVATIVE RESEARCH DEPARTMENT SAY A TORY GOVERNMENT WOULD LET THE COMPANIES, AND NOT THE EC MACHINERY, DEAL WITH CAPACITY PROBLEMS.

5. TORIES WOULD PROBABLY FAVOR STARTING CONSTRUCTION OF A DEMONSTRATION COMMERCIAL-SIZE FAST REACTOR (BREEDER) AS SOON AS POSSIBLE AFTER COMPLETING A STRUCTURED INQUIRY PROCEDURE (WHICH WOULD TAKE AT LEAST 18 MONTHS NO MATTER WHICH PARTY INITIATED IT). THEY WOULD ALSO FAVOR REPROCESSING EXPANSION. HOWEVER, ON BOTH POINTS THE TORIES ARE MINDFUL OF THE DANGERS INVOLVED IN GETTING TOO FAR AHEAD OF PUBLIC OPINION. THEIR VIEWS ON CONVENTIONAL REACTORS ARE NOT GREATLY DIFFERENT. ALTHOUGH THEY HAVE SHARPLY CRITICIZED BENN FOR DECLINING TO MAKE A FIRM COMMITMENT TO ORDER ONE PRESSURIZED WATER REACTOR (PWR) AS BACKUP INSURANCE IN CASE THE ADVANCED GAS-COOLED REACTOR (AGR) SYSTEM ENCOUNTERS PROBLEMS, THE CONSERVATIVES DO NOT FAVOR THE PWR. THEY AGREE WITH THE

LABOR STRATEGY OF PURSUING THE BRITISH-DESIGNED AGR AS
FAR AS IT CAN REASONABLY BE TAKEN AND OF MAINTAINING THE
AGR AS A WORLD-WIDE EXPORT REPLACEMENT OPTION IN THE
EVENT THERE SHOULD BE A MAJOR PWR ACCIDENT SOMEWHERE.

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